

# EMPLOYEE BENEFITS

County of Riverside Human Resources

Great Benefits For A Great Place To Work



## Mutual Fund Systematic Withdrawal Form

Group ID# 53677001     Group ID# 53924001     Group ID# 54107001

VALIC Retirement Services Company (VRSCO)

### 1. CLIENT INFORMATION

Name: \_\_\_\_\_ SSN or Tax ID: \_\_\_\_\_

Age:  Under 59½     59½ or older    Daytime Phone: (\_\_\_\_\_) \_\_\_\_\_    Date of Birth: \_\_\_\_\_

Account Number(s): \_\_\_\_\_

Employment Status with Employer Sponsoring the Plan (Choose one):

Currently Employed     Separated from Service as of \_\_\_\_\_ (date)

### 2. PAYMENT/FUND SELECTION OPTIONS/PAYMENT FREQUENCY

- Choose a payment option and corresponding fund selection from only one column below. In addition, you must also choose a payment frequency.
- Withdrawals will be taken proportionally from all fixed and variable options unless otherwise indicated in the Fund Selection section.
- Fund Selection (not Fixed-Interest Only Option): If you elect to specify investment options, at the time a fund is depleted the withdrawal will stop.
- Fund Selection (Fixed-Interest Only Option): The distribution will be taken from the fixed fund and distributed from that fund, when that fund is depleted, the withdrawal will stop.
- To change previously established fund selections, a new systematic withdrawal form will be required.

Choose one payment option.

1. **Specified dollar amount per payment**
- \$ \_\_\_\_\_ from account \_\_\_\_\_.
- \$ \_\_\_\_\_ from account \_\_\_\_\_.
- \$ \_\_\_\_\_ from account \_\_\_\_\_.

2. **Specified annual percentage**
- \_\_\_\_\_ % from account \_\_\_\_\_.
- \_\_\_\_\_ % from account \_\_\_\_\_.
- \_\_\_\_\_ % from account \_\_\_\_\_.

3. **Payments for a specified period of years:**
- \_\_\_\_\_ from account \_\_\_\_\_.
- (must be a whole number)

4. **Fixed-Interest Only Option** – calculate the amount of earnings on the fixed fund.
5. **Five-year payment method** – Distribute entire account balance in payments over 5 years.

Refer to the Substantially Equal Periodic Payment section in the Information pages before selecting an option below.

6. **Substantially Equal Periodic Payments using the Required Minimum Distribution method**
- Over my life expectancy **OR**
- The combined life expectancy of myself and my oldest designated beneficiary on file with VALIC Retirement Services Company
- Beneficiary Date of Birth: \_\_\_\_\_
- Spouse     Non-Spouse

7. **Substantially Equal Periodic Payments using the Fixed Amortization method**
- Over my life expectancy **OR**
- The combined life expectancy of myself and my oldest designated beneficiary on file with VALIC Retirement Services Company
- Beneficiary Date of Birth: \_\_\_\_\_
- Spouse     Non-Spouse

Fund selection options available for payment options 1,2 or 3 (Choose one):

- Proportionally from all open funds.
- From the selected open funds indicated below (Percentage must equal 100%).

| Fund  | Percentage |
|-------|------------|
| _____ | _____ %    |
| _____ | _____ %    |
| _____ | _____ %    |
| _____ | _____ %    |

**NOTE:** Fund selection options are not available for payment options 5, 6 and 7. Payments distributed proportionally from all open funds.

#### Payment Frequency:

Please send my first payment beginning on the \_\_\_\_\_ day (between 5th-24th) of \_\_\_\_\_,

monthly     quarterly     semi-annually     annually

### 3. DISCONTINUE SYSTEMATIC PAYMENTS

Discontinue systematic payments effective: \_\_\_\_\_

**Note:** Private Tax-Exempt Deferred Compensation Plan clients/beneficiaries may not discontinue payments.

**Mutual Fund Systematic Withdrawal Form** Group ID# 53677001     Group ID# 53924001     Group ID# 54107001**VALIC Retirement Services Company (VRSCO)****4. DISTRIBUTION REASON**

Refer to the Distributable Event section in the Information pages before completing.

- |   |  |
|---|--|
| <input type="checkbox"/> Withdrawal of available funds other than hardship or unforeseeable emergency                     | <input type="checkbox"/> Spousal beneficiary                               |
| <input type="checkbox"/> Attainment of age 59½  | <input type="checkbox"/> Non-spousal beneficiary                           |
| <input type="checkbox"/> Separation from service as of _____ (date) due to:   | <input type="checkbox"/> Qualified Domestic Relations Order (QDRO) payment |
| <input type="checkbox"/> Termination <input type="checkbox"/> Early retirement <input type="checkbox"/> Normal retirement | <input type="checkbox"/> Permanent/total disability as of _____ (date)     |
| Did you separate from service during or after the year you attained age 55?   |  |
| <input type="checkbox"/> Yes <input type="checkbox"/> No  |  |

**Indicate below if direct rollover or transfer:**

- Direct rollover to another plan type\*
- Indicate Receiving Plan Type for Direct Rollover:
- 403(b)     401(a)/403(a)     401(k)     Governmental 457(b) Deferred Compensation Plan
- SEP or Traditional IRA     Roth IRA

- 
- Direct transfer to same plan type\*\*

\* Must indicate carrier as check payee. Substantially equal periodic payments and payments expected to last 10 or more years are not eligible for rollover.

\*\* For exchanges or transfers to a 403(b) plan, must attach receiving vendor letter of authorization or obtain signature in Section 8 below. In addition, if an approved vendor listing is not on file with VALIC, must obtain Plan Administrator signature in Section 11.

**5. INCOME TAX WITHHOLDING INFORMATION and INSTRUCTIONS**

If you do not have enough tax withheld, you are still liable for any taxes owed and may be subject to tax penalties for under-withholding. All Payees should seek competent, professional tax advice if they have questions concerning their tax obligations.

**Federal Income Tax (FIT) Withholding****FIT Withholding will be applied based on the defaults described below unless the referenced IRS Form is submitted. Current IRS Forms are available on the IRS website at [www.irs.gov](http://www.irs.gov).**

- Certain distributions you receive from an employer sponsored qualified retirement plan (for example a 403(b), 401(k) or governmental 457(b) plan) that are eligible to be rolled over to an IRA or qualified plan ("Eligible Rollover Distributions", or ERDs; see "Special Tax Notice" for more information) are subject to 20% mandatory FIT default rate on the taxable portion of the distribution. You cannot request withholding at a rate less than 20% for an ERD. To request a rate higher than 20% attach a completed IRS Form W4-R. If a W4-R is not submitted with this request, 20% FIT will be withheld.
- Distributions that are not eligible for rollover are subject to a 10% FIT default rate on the taxable portion. To request a different rate or to request no federal tax withholding attach a completed IRS Form W4-R. If a W4-R is not provided with this request, 10% FIT will be withheld.
- Federal taxes withholding instructions from Substantially Equal Periodic Distributions is requested on IRS Form W4-P. If a W4-P is not submitted with this request federal taxes will be withheld as though you were single with no exemptions. Your election will remain in effect until you revoke it, which you may do at any time by submitted a new IRS Form W4-P to VALIC Retirement Services Company.
- Distributions from unfunded deferred compensation plans (including 457(b) plans of private tax exempt employers), where consistent with your employer's plan, are subject to wage bracket withholding. Attach a completed IRS Form W-4. If a W-4 is not provided with this request, wage bracket withholding based on Single and 0 Exemptions will be applied. Wage bracket withholding does not apply to beneficiary accounts.
- Distribution from beneficiary accounts are not subject to withholding. The distribution will be reported on a 1099 MISC. To request federal withholding attach a completed IRS Form W4-R.
- 30% Fit (may be less depending on county of domicile and any applicable ratified income tax treaty) will be withheld on payments to an address outside the United States. If you qualify for reduced withholding, submit an IRS Form W-8BEN.

**State Income Tax (SIT) Withholding (if applicable)**

States with SIT either require mandatory withholding or allow voluntary withholding. Withholding is based on your state of residence on file. Each state determines their specific state requirements, which may include a default rate, or require your election be provided on their state specific withholding form. If you do not provide instructions OR your instructions are different than your state of residence requirements, SIT will be withheld using the state's requirements.

**State Withholding Instructions**

- DO NOT withhold any state taxes unless mandated by law.
- DO withhold state taxes in the amount of \_\_\_\_\_ %  
(cannot be less than any mandatory withholding)



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**VALIC Retirement Services Company (VRSCO)**

### 9. ERISA SPOUSAL CONSENT

ERISA covered and certain other employer plans require the client to state his/her marital status and the spouse to consent to this distribution.

Please check the appropriate box below:

REQUIRED FOR CLIENT: Client Marital Status

Not Married     Married

REQUIRED FOR SPOUSE: Spousal Consent

Under federal law for ERISA plans and the terms of some employer plans, as the spouse of the contract owner, you have the right to receive a survivor benefit of at least 50% of the amount in this contract if your spouse dies before you. As a result, your spouse must have written consent before making withdrawals from this contract. If you consent to the withdrawal, you will not receive a survivor benefit payment from VALIC Retirement Services Company for the amount withdrawn. If you agree to the withdrawal, please read and sign the statement below and have your signature witnessed.

- I have read and understand the Information pages and I agree to the payment of funds from the contract(s) listed in Section 2.
- I understand and agree that I am giving up my right to receive a survivor benefit payment from VALIC Retirement Services Company for the amount being paid and I release VALIC Retirement Services Company from all liability for making this payment.

Spouse (Print Name) \_\_\_\_\_

Spouse's Signature \_\_\_\_\_

Date \_\_\_\_\_

### SPOUSE'S SIGNATURE WITNESSED BY NOTARY PUBLIC

This section is only to be used for a Notary Public's witnessing of the Spousal Consent in absence of the Plan Administrator's Witness.

State of \_\_\_\_\_ County of \_\_\_\_\_ On this \_\_\_\_\_ day of \_\_\_\_\_, year of \_\_\_\_\_

Before me personally appeared \_\_\_\_\_ (name of spouse) known to me to be the person who executed the SPOUSAL CONSENT and he/she acknowledged to me that he/she executed the same.

Notary Public: \_\_\_\_\_

My Commission expires: \_\_\_\_\_

### 10. VESTING DETERMINATION FOR EMPLOYER CONTRIBUTION SOURCES

Complete if VALIC does **not** provide full plan administration services to the Plan

Employer Basic            Vested \_\_\_\_\_ %

Employer Matching       Vested \_\_\_\_\_ %

Employer Other            Vested \_\_\_\_\_ %

Standard Service Account Only: \$ \_\_\_\_\_

Complete if VALIC **does** provide full plan administration services to the Plan.  
Indicate hours worked if "hours of service" method is used to calculate vesting.  
Indicate months worked if "elapsed time" method is used to calculate vesting.  
Any month in which an employee was compensated for one hour must be counted as a month worked.

Hours of Service            Hours Worked: \_\_\_\_\_

Elapsed Time                Months Worked: \_\_\_\_\_

### 11. PLAN ADMINISTRATOR ACKNOWLEDGEMENT/APPROVAL (WHERE REQUIRED BY YOUR EMPLOYER'S PLAN)

- I approve this transaction in accordance with the current plan provisions and all applicable laws and regulations.
- I verify that the information provided on this form for purposes of this transaction is correct to the best of my knowledge.
- I affirm that in the event of a transfer that the Payee noted in Section 6 is either an approved provider under the Plan or has entered into an information-sharing agreement with the employer.

Spousal Consent – Please check the appropriate box below.

I affirm that the client's Spouse's signature under the SPOUSAL CONSENT section of the form has been witnessed either by me or by a Notary Public.

I affirm that the client has established to my satisfaction that spousal consent is not required under the SPOUSAL CONSENT section of the form.

The Plan administrator's signature does NOT serve as witness of the client's Spouse's signature under the SPOUSAL CONSENT section of the form

Plan Administrator (Print Name) \_\_\_\_\_

Plan Administrator Signature \_\_\_\_\_

Date \_\_\_\_\_

Please fax this form to 1-877-202-0187 or mail to the address below for processing:

VALIC Document Control

If overnight delivery:

VALIC Retirement Services Company

P.O. Box 15648

1050 N. Western St.

Amarillo, TX 79105-5648

Amarillo, TX 79106-7011

Questions about this form may be directed to 1-800-448-2542, Monday through Friday, 7 a.m. – 8 p.m. Central Time.

### **SUBSTANTIALLY EQUAL PERIODIC PAYMENTS**

This option allows clients who have separated from service prior to age 55 and who are currently under age 59½ to withdraw funds without incurring a 10% penalty tax. VALIC Retirement Services Company will calculate the amount for you based on your life expectancy or the combined life expectancy of you and your oldest designated beneficiary on file with VALIC Retirement Services Company. If you choose substantially equal periodic payments as an exception to the 10% penalty tax, you must continue to receive the substantially equal periodic payments at least annually until you reach age 59½ or five years (whichever is longer), unless you become disabled or die. Failure to continue these payments will result in a 10% penalty tax based upon all the prior distributions. The only exception to this rule is that you may make a one-time change from the Fixed Amortization method to the Required Minimum Distribution method. Once you have attained age 59½, as long as you have received distributions for five years, the distributions may be stopped without the tax penalty. You will be responsible for insuring that you are complying with tax laws, especially those governing the substantially equal periodic payment exception to the 10% penalty tax mentioned above. Defaulted loans impact the annual amount distributed and may result in a tax penalty. If you have taken a withdrawal in the current calendar year and you elect substantially equal periodic payments, the periodic payments must begin in the following calendar year.

VALIC Retirement Services Company offers the Fixed Amortization and Required Minimum Distribution methods for Substantially Equal Periodic Payments.

**Fixed Amortization method.** The account balance is amortized over a specified number of years based on life expectancy. The payment amount is determined by the account balance at the time of set up. This payment amount remains the same in each succeeding year. If your calculation is based on this method, you may at a later date make a one-time change to the Required Minimum Distribution method. Once you change to the Required Minimum Distribution method, you may not change back to the Fixed Amortization method.

**Required Minimum Distribution method.** The current cash value and applicable life expectancy factor will be used for calculating the substantially equal periodic payments for the Required Minimum Distribution method for the first year. The payment amount is recalculated each year based upon the prior year-end cash value and the life expectancy factor from the published IRS life expectancy tables. Under this method, the account balance, the life expectancy factor and the annual payment are recalculated each year. As a result, the payment amount is likely to change each year. Once this method is started, it may not be changed to another method.

### **FIXED-INTEREST ONLY OPTION**

The first payment will be calculated from the set-up date to the first payment effective date. Subsequent payments will be calculated from the previous payment effective date to the current payment effective date.

This option allows you to request a systematic withdrawal for the calculated amount of earnings on the fixed fund. The payments will continue to process from the selected fund until the fund is depleted. The first payment amount must be at least \$25.00. If the calculated amount for the first payment is less than \$25.00, the payment amount will be made for \$25.00. Subsequent payments will be made for the calculated amount.

### **ELECTRONIC FUNDS TRANSFER INFORMATION**

**EFT payment process.** Your payments can be electronically transferred to your bank account. Upon receipt of your request, VALIC Retirement Services Company will coordinate with your bank to verify account information. As a result of this verification process, your first payment may be mailed to your address of record. Subsequent payments will be transferred electronically into your bank account within five calendar days as follows: electronic

funds will normally be transmitted to your bank the first business day after the payment date. If the payment date falls on a weekend or holiday, the payment will not be processed until the first business day after the weekend or holiday and will be transmitted to your bank the second business day. Your bank then credits your individual account. Thus, please allow for these time frames in your payment date selection.

**Note:** If your first payment date occurs during the verification process, a check will be mailed to you at your address of record.

**EFT terms and conditions.** If funds to which you are not entitled are deposited or credited to your account, representing either payments for due dates after your death or erroneous payments made under mistake of fact, VALIC Retirement Services Company is authorized to direct the bank listed on this form to collect and return those funds to VALIC Retirement Services Company. VALIC Retirement Services Company shall not be liable for loss of funds during the process of transfer to the bank (or for delay in any such transfer) except where due to negligence of VALIC Retirement Services Company. To revoke or cancel this order, you must send a written request to VALIC Retirement Services Company.

**Note:** For deposit into your checking account a voided check **MUST** be attached. Until a voided check has been received for verification, your payment will continue to process to the address of record.

If your payment date occurs during the verification process, a check will be mailed to you at your address of record.

### **TAX LAWS ON 403(b) PLANS**

Prior to the Tax Reform Act of 1986, you had immediate and unrestricted access to your account funded with salary reduction dollars. Effective January 1, 1989, you only have unrestricted access to your December 31, 1988 account balance. Any contributions made after December 31, 1988, and all interest or account accumulations earned after December 31, 1988, are restricted and are available for the purpose of systematic withdrawals only if you are 59½, have separated from service, die or become disabled. Because of these restrictions, VALIC Retirement Services Company may not be able to process your request.

### **PRIVATE TAX-EXEMPT 457(b) DEFERRED COMPENSATION PLANS (FPQDC AND NPQDC)**

Your payments are considered an annuity option and are irrevocable. (Payments may not be stopped or changed once benefits have commenced.) Since payments are considered an annuity option, charges do not apply.

### SPECIAL TAX NOTICE

The information in this notice applies to employer plans (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) (each referred to herein as "Plan"). You are receiving this notice because all or a portion of a payment you are receiving may be eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to direct such a rollover.

You have the right to at least 30 days to consider your alternatives after receiving this notice. You may waive this review period. Your signature on this form will indicate that either you have had this 30-day review or that you have chosen to waive it and you are requesting an immediate distribution. This notice does not describe any State or local income tax rules (including withholding rules).

### ELIGIBLE ROLLOVER DISTRIBUTIONS

You will be taxed on a payment from the Plan if you do not direct a rollover. If you are under age 59½ and do not direct a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or another employer plan, (a tax qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. Check with the administrator of that plan about whether the plan accepts rollovers and, if so, the types of rollovers it accepts. See below for rollover rules regarding payments from designated Roth accounts in 401(k), 403(b) or governmental 457(b) plans. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan. There are two ways to do a rollover.

### HOW DO I DO A ROLLOVER?

You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan or IRA will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% federal early withdrawal penalty if you are under age 59½ (unless an exception applies).

### If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. There are three ways to obtain a waiver of the 60-day rollover requirement: you qualify for an automatic waiver; you self-certify that you met the requirements of a waiver and the IRS determines during an audit or your income tax return that you qualify for a waiver, or your receive a private letter ruling granting a waiver. Payment is required to apply for a private letter ruling with the IRS. The user fee for a private letter ruling is nonrefundable. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

### HOW MUCH MAY I ROLLOVER?

If you wish to direct a rollover, you may direct a rollover of all or part of the amount eligible for rollover. Any payment from an employer plan or IRA is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 72 (age 70½ if born before July 1, 1949) (or after death)
- Hardship distributions (unforeseeable emergency distribution for governmental 457(b) plans)
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)

A participant has until the participant's tax return due date for the year in which a qualified plan loan offset occurs to roll over up to 100% of the amount of the offset to an IRA or to another employer plan. A "qualified" plan loan offset is an offset due to severance from employment or an employer plan termination.

- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution
- Cost of life insurance paid by the Plan
- Amounts paid from certain deferred compensation plans

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

**After-tax Contributions.** After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you may be able to choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

### PAYMENTS FROM DESIGNATED ROTH ACCOUNTS

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59½, a

10% federal early withdrawal penalty will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan or section 403(b) plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer Plan. In general, these tax rules are similar to those described elsewhere in this document, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

There are two ways to do a rollover. You can either do a direct rollover or a 60-day rollover. If you do a direct rollover, the Plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit within 60 days into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% federal early withdrawal penalty if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and the portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

### ROLLOVERS OF BENEFICIARY/ALTERNATE PAYEE ACCOUNTS

**Payments after death of the participant.** If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% federal early withdrawal penalty and the special rules for public safety officers do not apply, and the special rule described under the section, "Special Tax Treatment for Certain Lump-Sum Distributions," applies only if the participant was born on or before January 1, 1936. Note that whether a payment from a designated Roth account (see above) is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan.

**If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to a traditional or Roth IRA, if applicable, you may treat the IRA as an inherited IRA or as your own. If you treat the IRA (either traditional or Roth) as an inherited IRA, payments from the IRA will not be subject to the 10% federal early withdrawal penalty. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 72 (age 70½ if born before July 1, 1949).

An IRA you treat as your own is treated like any other traditional IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% federal early withdrawal penalty (unless an exception applies) and required minimum distributions from such IRA do not have to start until after you are age 72 (age 70½ if born before July 1, 1949). An inherited Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% federal early withdrawal penalty (unless an exception applies).

**If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited traditional or Roth IRA, as applicable. Payments from the inherited IRA (even if a nonqualified distribution from a Roth IRA) will not be subject to the 10% federal early withdrawal penalty. You will have to receive required minimum distributions from the inherited traditional or Roth IRA.

**Payments under a qualified domestic relations order.** If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% federal early withdrawal penalty.

### 10% PENALTY

If you are under age 59½, you will have to pay the 10% federal early withdrawal penalty for any taxable payment from an employer plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% federal early withdrawal penalty does not apply to the following payments from an employer plan or IRA:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation (does not apply to payments from an IRA)
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary) (exception applies to IRA without regard to separation from service)
- Payments from a governmental plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation

## VALIC Retirement Services Company (VRSCO)

- Payments made due to disability
- Payments after your death
- Payments from a governmental 457(b) plan, unless the payment is from a separate account holding rollover contributions that were made to the Plan from a qualified plan, a section 403(b) plan, or an IRA
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Cost of life insurance paid by the Plan
- Payments made under a qualified domestic relations order (QDRO) (not applicable to IRA; special rule applies for IRAs under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.
- Phased retirement payments made to federal employees
- Roth conversions/rollovers
- Qualified birth or adoption distribution up to \$5,000 per child made within 1 year after such birth or adoption
- Qualified disaster distribution up to \$100,000
- Coronavirus-related distribution (CRD) up to \$100,000 made on or after March 27, 2020 and before December 31, 2020
- IRA Only: (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Note: Eligible rollovers into a governmental 457(b) plan that were previously subject to the 10% federal early withdrawal penalty will continue to be subject to that penalty at the time of withdrawal unless you are over age 59½ or some other exception applies.

### IN-PLAN ROLLOVER TO A DESIGNATED ROTH ACCOUNT

You cannot roll over a taxable distribution to a designated Roth account in another employer's plan. However, you can convert the taxable distribution into a designated Roth account in the distributing Plan.

- If you roll over the taxable account to a designated Roth account in the same Plan, the amount rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% federal early withdrawal penalty will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).
- If you roll over taxable account to a designated Roth account in the same Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you attain age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for a period of at least 5 years. The 5-year period described in the preceding sentence begins on January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent allocable to earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).
- If the Plan permits an in-plan Roth direct rollover option for amounts that

are not otherwise distributable under the terms of the Plan, the Plan is not required to permit any other rollover or distribution options of such amounts. For more information, please contact your Plan administrator.

### ROLLOVERS TO A ROTH IRA

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% federal early withdrawal penalty (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

### LOANS

If you request a total surrender/withdrawal of your Plan account and you have an outstanding loan, the account balance will be reduced by the outstanding loan balance and if applicable outstanding loan security will be returned to the account. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) (in the case of a nonqualified distribution from a designated Roth account, only to the extent of the earnings in the loan offset) unless you do a 60-day rollover (or are entitled to an extended rollover - see next section) in the amount of the loan offset to an IRA or employer plan (or in the amount of the nonqualified distribution earnings to a Roth IRA or designated Roth account in any employer plan). You may also choose to pay off the outstanding loan balance prior to the surrender by submitting payment in full.

### EXTENDED ROLLOVER DEADLINE FOR CERTAIN OFFSET LOANS

A participant who incurs a "qualified" plan loan offset will have until the participant's tax return due date (including extensions) for the year in which the offset occurred to make a rollover of up to 100% of the amount of the qualified plan loan offset. A "qualified" plan loan offset is a plan loan offset that occurs as the direct result of termination of employment or the employer's termination of the plan.

### EXTENDED ROLLOVER DEADLINE FOR CERTAIN QUALIFIED BIRTH OR ADOPTION DISTRIBUTIONS

Beginning after December 31, 2019, a participant who incurs a qualified birth or adoption distribution may rollover of up to 100% of the amount of the qualified birth or adoption distribution to the plan or an IRA without regard to the normal 60-day rollover time limit .

### EXTENDED ROLLOVER DEADLINE FOR CERTAIN CORONAVIRUS-RELATED DISTRIBUTIONS

For coronavirus-related distributions made on or after March 27, 2020, and before December 31, 2020, up to 100% of such distributions may be rolled over to the plan or an IRA without regard to the normal 60-day rollover time limit for up to three years from the date of the distribution.

### SPECIAL TAX TREATMENT FOR CERTAIN LUMP-SUM DISTRIBUTIONS

If you were born on or before January 1, 1936 and receive a lump-sum distribution (including a nonqualified distribution from a designated Roth account) that you do not roll over, special rules for calculating the amount of the tax on the payment (or the earnings in the payment for a nonqualified distribution) might apply to you (not applicable to governmental 457(b) plan



distributions). For more information, see IRS Publication 575, Pension and Annuity Income.

### ELIGIBLE RETIRED PUBLIC SAFETY OFFICER

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments (including nonqualified distributions from designated Roth accounts) paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

### NONRESIDENT ALIEN

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

### OTHER SPECIAL RULES

- If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).
- If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.
- Unless you elect otherwise, a mandatory cashout of more than \$1,000 will be directly rolled over to an IRA chosen by the Plan administrator. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).
- You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.
- You may have special rollover rights if you were affected by a federally declared disaster. For more information on special rollover rights related to disaster relief, see the IRS website @ [www.irs.gov](http://www.irs.gov)

### FOR MORE INFORMATION

You may wish to consult with the Plan administrator or a professional tax adviser, before taking a payment from the Plan or IRA. Also, you can find more detailed information on the federal tax treatment of payments from employer plans and IRAs in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov) or by calling 1-800-TAX-FORM.

### ADDITIONAL INFORMATION

#### DISTRIBUTABLE EVENT

Generally a distributable event includes attainment of age 59½ (Before January 1, 2020 attainment of age 70½ for governmental 457(b) plans), severance from employment, disability or death. However, the employer's plan may place additional restrictions that must also be met prior to a distribution. If you have met a distributable event, you may request a rollover of funds to any eligible plan type or a transfer to a like plan type. If you wish to move funds from your VALIC 403(b) account to another 403(b) account via a rollover distribution,

and have made contributions prior to 01-01-87, those amounts may lose a grandfathered status that can impact future required distributions. However, movement of funds from your VALIC 403(b) account to another 403(b) account via a transfer distribution may retain the status. For more information, please call 1-800-448-2542.

### TRANSFERS

Transfers to a like plan will not be taxed or reported to the IRS. Generally, transfers are allowed regardless of employment status. However, your employer's Plan may restrict you to authorized carriers. Transferred amounts generally become subject to the requirements of the plan receiving the transfer as though originally contributed to that plan.

For distributions occurring after January 1, 2015, under federal tax rules individuals cannot make more than one nontaxable 60-day IRA rollover within any one-year period, even if the rollovers involve different IRAs. The one-rollover per year limitation does not apply to a rollover to or from a qualified plan nor does it apply to IRA trustee-to-trustee transfers. IRA owners requesting a distribution for a rollover should be advised that they have the option to request a trustee-to-trustee transfer from one IRA to another IRA.

### LIVING BENEFIT OPTIONS

If you have chosen a living benefit option with your annuity contract, withdrawals from the contract will reduce the account value and may reduce or cancel benefits of the living-benefit option. Withdrawals exceeding the Maximum Annual Withdrawal Amount may reduce future Maximum Annual Withdrawal Amounts and reduce or eliminate any eligible income credit. Minimum distribution amounts calculated for each year will include the value of the living benefit. One year's required minimum distribution based solely on the value of each individual account will not be treated as an excess withdrawal, but may reduce the Maximum Withdrawal Period and reduce or eliminate any eligible income credit. See your contract endorsement.

### PRIVATE TAX-EXEMPT EMPLOYER DEFERRED COMPENSATION PLANS

Section 457(b) deferred compensation plans sponsored by private tax-exempt employers require participants to make an irrevocable election regarding the distribution of benefits. Commencement of payments cannot be later than April 1st of the year following the year you attain age 72 (age 70½ if born before July 1, 1949) unless you are still working for the plan's sponsor. Please contact your plan administrator for more information. Distributions from a Section 457(b) plan sponsored by a private tax-exempt employer are not eligible for a rollover to another plan or IRA.

### INTERNAL REVENUE SERVICE (IRS) AND DEPARTMENT OF LABOR (DOL) GUIDANCE ON MARRIAGE

For federal tax law and ERISA purposes, under current IRS and DOL guidance (1) a same-sex marriage that was valid in the state or country it was entered into will be recognized by the IRS or DOL, regardless of the married couple's place of domicile; and (2) although a state may recognize domestic partnerships or civil unions, the terms "spouse," "husband and wife," "husband," and "wife" do not include individuals who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a marriage under the laws of that state.

### Please send completed forms to:

VALIC Document Control  
P.O. Box 15648  
Amarillo, TX 79105-5648

Overnight delivery:

VALIC Document Control  
1050 N. Western St.  
Amarillo, TX 79106-7011

Call 1-800-448-2542 for assistance.